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RailAmerica Operations Support Group, Inc.



A RailAmerica Company

Corporate Headquarters
7411 Fullerton Street, Suite 300
Jacksonville, FL 32256
Tel: 904-538-6102

September 5, 2008

Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423,

RE: Finance Docket No. 35147, *Norfolk Southern Railway Company, Pan Am Railways, Inc., et al - Joint Control and Operating/Pooling Agreements - Pan Am Southern LLC*

Dear Acting Secretary Quinlan:

RailAmerica, Inc., New England Central Railroad, Inc. ("NECR"), and Connecticut Southern Railroad, Inc. ("CSO") (collectively "RailAmerica") support the proposed joint venture between the Norfolk Southern Railway Company ("NSR") and Pan Am Railways, Inc. ("PAR") that will result in the creation and operation of the Pan Am Southern LLC ("PAS") (the "Proposed Transaction") subject to the imposition of the pro-competitive settlement agreement among NSR, PAR, and NECR (the "Agreement") (copy attached) as a condition to the approval of the proposed transaction.

RailAmerica, Inc. is a leading short line and regional rail service provider with 41 short line and regional railroads, operating approximately 7,800 miles in 25 states in the United States and in three provinces in Canada. One subsidiary, NECR will not only interchange traffic with PAS, but will also obtain new direct routing opportunities with NSR through haulage service provided to NSR by PAS. Another subsidiary, CSO will serve as a commercial partner to PAS, and together they can help develop new rail freight in central Connecticut.

RailAmerica has analyzed the Proposed Transaction and as conditioned by the Agreement, RailAmerica urges the Surface Transportation Board (the "Board") to conclude that the Proposed Transaction is consistent with the public interest. The Proposed Transaction, as conditioned by the Agreement is not likely to result in a substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States, especially the New England region.

The Proposed Transaction, as conditioned by the Agreement, will expand rail service alternatives in New England and improve rail connectivity for NECR. The transaction plans to make rail infrastructure improvements along one of the primary rail arteries in New England, allowing PAS to offer improved service. NECR believes that the improvements to rail service reliability and the cost reductions proposed by NSR, PAR, and PAS will allow for more freight to be removed from New England area highways, benefiting the environment and reducing congestion.

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NSR, PAR, and NECR have agreed that: (1) NECR and PAS shall enter into (i) an interchange agreement that will establish an interchange at Miller's Falls, MA; (ii) an operating agreement for the construction and operation of the physical connection at Miller's Falls, MA, and (iii) an agreement to concentrate their interchange at Miller's Falls, MA (the "Miller's Falls Condition"); (2) NECR will enter into an agreement with PAR and PAS consenting to the assignment of the trackage rights granted in *Amtrak-Conveyance of B&M in Conn River Line in VT & NH*, 4 I.C.C.2d 761 (1988) and the agreement approved in *Amtrak-Conveyance of B&M in Conn River Line in VT & NH*, 6 I.C.C.2d 539 (1990) from PAR to PAS effective on the date the transaction approved under the Application is consummated (the "Trackage Rights Condition"); and (3) NECR and PAS will enter into a haulage agreement whereby NECR will provide haulage services for PAS, to be used at PAS's option, on the Connecticut River Line between Miller's Falls, MA and White River Jct., VT. Haulage service will include service to PAS customers on the Connecticut River Line, as well as to PAS interchange points at White River Jct., Bellows Falls, Brattleboro, West River, and Windsor, VT, and Claremont Jct., NH (the "Haulage Condition"). These agreed upon conditions will result in more efficient and competitive service.

The Miller's Falls Condition will reopen an interchange to provide additional service options to shippers and more efficient service from PAS and NECR.

NSR and PAR requested that the Board order the assignment of the trackage rights using its preemptory powers if NECR did not consent to the assignment. Under the Agreement, NECR has consented to the Trackage Rights Condition. Assignment of the trackage rights from PAR to PAS will enhance competition by permitting PAS to generate additional traffic and traffic density while providing single-line service. The service and efficiencies generated for PAS by the Trackage Rights Condition will create additional alternatives for shippers and result in operating efficiencies

The Haulage Condition will retain competitive service on the Connecticut River Line. PAS and NECR will be able to take advantage of greater traffic densities and reduced costs, while continuing to provide competitive service to shippers.

"The Board may impose conditions governing the transaction". 49 U.S.C. §11324(c). The Board does not impose conditions "that undermine the strength and integrity of the proposal". *CSX Corp. et al.-Control-Conrail Inc., et al.*, 3 S.T.B. 196, 250 (1998) ("Conrail"). The Board has also used its conditioning power "to preserve and enhance service and competitive opportunities". *Id.* The Agreement does not undermine the strength or integrity of the Proposed Transaction. The Agreement enhances the Proposed Transaction by reopening a closed gateway and enhancing traffic densities while reducing costs. Increased options and efficiencies generate service and competitive opportunities. The Agreement meets the Board's criteria to be imposed as a condition to the Proposed Transaction.

RailAmerica Operations Support Group, Inc. _____



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Honorable Anne K. Quinlan

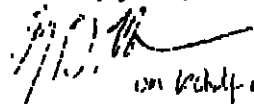
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In conclusion, RailAmerica supports the proposed joint venture between NSR and PAR that will create PAS. RailAmerica respectfully requests the Board to expeditiously grant the application, as conditioned by the Agreement. We feel that the Proposed Transaction as conditioned by the Agreement is the best way to improve service, enhance efficiency, and promote growth of transportation options in New England.

RailAmerica is e-filing this notice of intent to participate. Thank you for your assistance. If you have any questions please call or email me

Sincerely yours,



on behalf of Paul Lundberg

Paul A. Lundberg
Senior Vice President – Strategic Relations
RailAmerica

Enclosure



NEW ENGLAND CENTRAL RAILROAD, INC.

21 Federal Street • Suite #201 • St. Albans, VT • 05478-2003 • Phone 802 527 1411 • Fax 802 527 1482

September 4, 2008

Mr. John Friedmann, Vice President Strategic Planning
Norfolk Southern
3 Commercial Place
Norfolk, VA 23510

Mr. David Fink, President
Pan Am Railways
1700 Iron Horse Park
North Billerica, MA 01862

RE: Pan Am Southern

Gentlemen:

The New England Central Railroad, Inc. ("NECR"), a subsidiary of RailAmerica, Inc. ("RailAmerica"), enters this settlement agreement with Norfolk Southern ("NS") and Pan Am Railways, Inc. ("PAR") to resolve issues between the parties concerning the creation of the Pan Am Southern LLC ("PAS") pursuant to an application filed with the Surface Transportation Board (the "Board"). The application before the Board is identified as Finance Docket No. 35147, *Norfolk Southern Railway Company, Pan Am Railways, Inc., et al. - Joint Control and Operating/Pooling Agreements - Pan Am Southern LLC* (the "Application").

The Application requests that the physical connection between PAS and NECR at Millers Falls, MA be reestablished as a point of interchange between PAS and NECR. In addition, the Application requests that the trackage rights PAR currently has over the NECR's Connecticut River Line be assigned to PAS.

In settlement of the issues between the NECR, NS and PAR, the parties agree as follows:

1. By September 5, 2008, the RailAmerica, and its subsidiaries NECR and the Connecticut Southern Railroad ("CSO") (the RailAmerica Parties) will file a statement with the Board supporting the Application and requesting that the Board approve the Application subject to the conditions agreed upon in this settlement agreement.

2. NECR and PAS shall enter into: (i) an interchange agreement that will establish an interchange at Millers Falls, MA, (ii) an operating agreement for the construction and operation of the physical connection at Millers Falls, MA, and (iii) an agreement to concentrate their interchange at Millers Falls, MA (the "Millers Falls Condition"). The agreements implementing the Millers Falls Condition shall be executed prior to the effective date of the approval of the Application and shall take effect on the date the transaction approved under the Application is consummated.

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3. NECR will enter into an agreement with PAR and PAS agreeing to the assignment of the trackage rights granted in *Antrak-Conveyance of B&M in Conn River Line in VT & NH*, 4 I.C.C.2d 761 (1988) and the agreement approved in *Antrak-Conveyance of B&M in Conn River Line in VT & NH*, 6 I.C.C.2d 539 (1990) from PAR to PAS effective on the date the transaction approved under the Application is consummated.

4. NECR and PAS will enter into a haulage agreement whereby NECR will provide haulage services for PAS, to be used at PAS's option, on the Connecticut River Line between Millers Falls, MA and White River Jct., VT. Haulage service will include service to PAS customers on the Line, as well as to PAS interchange points at White River Jct., Bellows Falls, Brattleboro, West River, and Windsor, VT., and Claremont Jct., NH.

5. The RailAmerica Parties, NS and PAR will submit this settlement agreement to the Board no later than September 5, 2008, and ask that it be imposed as a condition of the approval of the Application, subject to the standard labor protection imposed on the remainder of the Application.

The NECR and CSO look forward to a productive partnership with PAS.

Please sign this settlement agreement in the space provided.

Yours truly,



Paul A. Lundberg
Senior Vice President - Strategic Relations
For the New England Central Railroad
And for RailAmerica

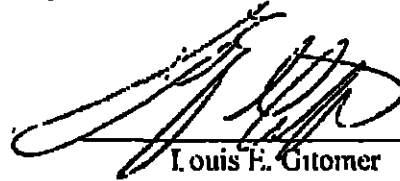


For Norfolk Southern

For Pan Am Railway

CERTIFICATE OF SERVICE

I hereby certify that I have caused this letter to be served on the parties of record
in this proceeding by first class mail, postage pre-paid

A handwritten signature in black ink, appearing to read 'Louis F. Gtomer', is written over a horizontal line.

Louis F. Gtomer
September 5, 2008